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September 12, 2002

BY HAND AND E-MAIL

Mary L. Cottrell, Secretary
Department of Telecommunications
and Energy
One South Station, 2nd Floor
Boston, MA 02110

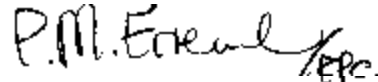
Re: Fitchburg Gas and Electric Light Company, D.T.E. 98-84/EFSB 98-5

Dear Ms. Cottrell:

Enclosed for filing in the above-referenced proceeding, please find an original and nine (9) copies of the Comments of Fitchburg Gas and Electric Light Company.

Thank you for your attention to this matter.

Very truly yours,



Patricia M. French

Enclosures

cc: William H. Stevens, Jr., Hearing Officer
Selma Urman, Hearing Officer
Service List

BS82701

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department of
Telecommunications and Energy and the Energy
Facilities Siting Board, on their own motions,
commencing a Notice of Inquiry and Rulemaking
into (1) rescinding 220 C.M.R. § 10.00 et
seq., and (2) exempting electric companies from
any and all of the provisions of G.L. c. 164
Section 69I

D.T.E. 98-84/EFSB 98-5

**COMMENTS OF
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

I. INTRODUCTION

Fitchburg Gas and Electric Light Company ("FG&E") files these comments in response to the Hearing Officers' Request for Comments issued on August 19, 2002 on a proposed alternative process to the filing of long range forecasts by electric companies required by G. L. c. 164, § 69I, and whether this alternative process would be in the public interest.

On August 10, 1998, the Department issued Order Commencing a Notice of Inquiry and Rulemaking into (1) rescinding 220 C.M.R. § 10.00 et seq. and (2) exempting electric companies from any and all provisions of G. L. c. 164 Section 69I ("NOI"). The Department requested comments to assist it in the development of an alternative process, or set of alternative processes, that would allow the Department and the Siting Board to fulfill their duties under the Restructuring Act without conducting the detailed biennial review of electric utility forecast and supply plans required by § 69I. The Siting Board issued a similar notice on August 13, 1998, specifically seeking comment on whether it would need to conduct a more extensive review of

utility load forecasts in the context of petitions to construct electric transmission lines if electric companies were exempted from § 69I. On September 14, 1998, the Department and Siting Board held a joint public hearing on the issues raised by the NOTs and received oral and written comments. The Department subsequently conducted two technical sessions.

As a result of the proceedings, the Department and the Siting Board have re-evaluated their objectives for an alternative process and have proposed a process that focuses on distribution system planning, but provides the Siting Board with advanced notice of all planned transmission facilities that may fall under its jurisdiction. The Department and the Siting Board propose that the core of the alternative process be an annual filing by investor-owned electric companies, including FG&E, that would focus on forecasts of electric loads to be served and the management of their local distribution systems. In D.T.E. 01-67 the Department directed FG&E to submit annual planning reports beginning January 1, 2003. The Department and the Siting Board seek comment on whether the public interest would be furthered by the use of these annual reports, expanded to include a description of all transmission projects planned to be built or anticipated to be needed, as the central element of an alternative process. The Department also seeks comment on whether the exemption of electric companies from § 69I as it pertains to filing of long range forecasts, along with the repeal of 220 C. M. R. 10.00 et seq., is in the public interest.

FG&E appreciates the opportunity to provide written comments with regard to the alternative process.

II. COMMENTS

FG&E supports the exemption of electric companies from § 69I as it pertains to filing long range forecasts, along with the repeal of 220 C. M. R. 10.00 et seq. and the use of the annual reports as proposed by the Department and the Siting Board as a central element of an alternative process. From its review, FG&E believes the proposed alternative process provides all of the information that the Department needs to help ensure distribution system reliability and there are no additional issues that FG&E can identify at this time which should be included in an alternative process. However, FG&E seeks a further definition of one element of the alternative reporting process proposed in § II. B because FG&E's system is primarily one of distribution, and has limited transmission.

In § II B. 2. the Department makes the following statement concerning reporting requirements:

For the purpose of this reporting requirement, transmission projects would include the construction of any new transmission line (including any line with a voltage of 69 kV or greater), and any upgrade project on existing transmission lines (including any line with a voltage of 69 kV or greater), regardless of the purpose of the project.

If adopted, this requirement would extend the reporting obligation to distribution facilities that have been classified appropriately in accordance with the guidance provided by FERC in Order No. 888. Specifically, in Order 888, the seven-factor test served to distinguish local distribution systems from transmission systems. Under the analysis of the seven-factor test, which was reviewed by the Department, FG&E's system is primarily distribution, even in sections that operate carrying load at 69 kV and up. By requiring FG&E to report on upgrade and construction of all transmission defined as 69 kV or greater, those sections of FG&E's distribution system which serve load at 69 kV and above will be subject to reporting even though

they are not transmission. FG&E can see no public interest in subjecting these facilities to additional layers of regulatory reporting.

By definition, if facilities are classified as distribution under the FERC seven-factor test, they are primarily radial in character; they are in close proximity to retail load; they are not used to transfer bulk power within the service territory, or between service territories; and they provide power that is consumed in a comparatively restricted geographical area. Such facilities do not, by definition, perform a transmission function. Since the intent of the reporting requirement is to provide a review process for transmission projects, FG&E recommends that the definition of transmission and distribution for the purposes of this NOI be made in accordance with each company's classification of facilities under the FERC seven-factor test. Striking the language in parentheses and replacing it with the following language would accomplish this objective:

For the purpose of this reporting requirement, transmission projects would include the construction of any new transmission line, and any upgrade project on existing transmission lines, regardless of the purpose of the project.

III CONCLUSION

FG&E appreciates the opportunity to provide these comments and supports the Department's and Siting Board's work in developing an alternative process to the filing of long range forecasts by electric companies as required by G. L. c. 164, § 69I.